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SUBJECT: TURKEY-IRAQ BUSINESS COUNCIL IS BULLISH

ANKARA 1034

Sensitive But Unclassified. Please handle accordingly.

1. (SBU) Summary: In a May 8 meeting, Turkey-Iraq Business Council Chairman Ercument Aksoy asked for help on accessing Japanese soft loans for Iraq, gaining good attendance at the Iraq Trade Fair in Gaziantep later this month, and removing onerous performance bond requirements on bidders for Iraq projects. He was optimistic on restarting limited fuel product trade with SOMO. End Summary.

2. (SBU) Japanese Soft Loans: Aksoy said that the Japanese pledged \$3.5 billion in soft loans for Iraq at the Madrid Conference. Turkish Business Council companies have been shooting for these soft loans to support a variety of business projects from port and factory rehabilitation to irrigation. Aksoy asked whether the USG supported Japanese soft loan financing to Turkish companies for projects in Iraq. In response to our affirmative answer, he requested that the USG be willing to express this support. (NOTE: NEA informed us that they were aware of some 14 projects under study by the Japanese -- with no U.S. companies involved, but there was a problem with the ability of the Iraqi Government to accept the loans.) Aksoy said he can also work the issues with the Iraqis.

3. (SBU) International Iraq Fair in Gaziantep May 23-27: Aksoy asked for USG assistance to get a good turn out from Iraqi companies and officials, also hoping for USG representation. This is the second annual Iraq business and trade fair organized in Gaziantep in south-east Turkey. Separately, the hosts of the Gaziantep fair, the Chamber of Industry, told Adana Principle Officer that they are expecting 1000 companies and over 10,000 visitors to participate in the fair. The mayor was also focused on the fair, noting that the city lacks adequate hotel capacity so they will use private homes to house people.

4. (SBU) Aksoy complained that the Iraqi government placed an onerous and unreasonable 3% performance bond requirement on all foreign bidders on GOI tenders. He said it would be okay farther along in selection process, but not at entry into bidding. He hoped that the USG could encourage Iraq to adopt more reasonable bidding practices.

5. (SBU) SOMO: Aksoy characterized the April meeting between SOMO and the GOT as positive (reftel), and he thought fuel trade exports would start back up soon with 5-6 companies.

Wilson